Bulova Gets Green Light To Prohibit Transshipping

WASHINGTON—Bulova has been given a green light from Federal antitrusters to resume its past practice of prohibiting "transshipments" of its watches from "authorized" dealers to discount stores and other unapproved retailers.

But in granting the manufacturer's request for "transshipment" relief, the Federal Trade Commission stopped short of approving a broader petition from Bulova which would have eliminated a 12-year-old order preventing the firm from engaging in direct resale price maintenance (RPM) activities.

FTC's original 1971 antitrust order was sparked by a commission complaint charging that Bulova conspired to fix the resale prices of its watches by a variety of means, including prohibiting the transshipment of its products to discounters.

Last August Bulova formally petitioned the FTC to either abolish that order entirely, or suspend the restrictions for 10 years.

The vote to partially grant Bulova's request passed the commission's five-member bench by a narrow, 3-to-2 margin, with all three Reagan Administration FTC appointees agreeing that allowing the manufacturer to block transshipments would be "in the public interest."

Citing the Supreme Court's controversial 1977 ruling that transshipment restrictions aren't automatically illegal, the FTC's majority faction ruled that the watch diversion ban is "no longer necessary to prevent injury to competition in this industry, and that Bulova will likely suffer significant competitive injury unless those provisions are eliminated."

In the next breath, however, the commission's ruling concluded that "Bulova has failed to demonstrate that the remaining provisions of the order" prohibiting outright RPM conspiracies against discounters and consumers "should be modified or set aside."

Specifically, the FTC noted that the manufacturer's petition "doesn't point to changes in law or fact or public interest considerations sufficient to require modifying or deleting those [anti-RPM] provisions."

The Bulova ruling follows a

(Continued on page 4)

A Run For Their Money

Jogging suits for women are now part of the athletic wear selection in Gold Circle's sporting goods department. Header signs on racks aim to attract more ladies into the section.

(DSN photo)

Service Lands K mart's Schmidt

Cataloger Again Fishes In Discounter Exec Pool

NASHVILLE—Cataloger giant Service Merchandise has again reached into the discount store field to fill a key executive position.

The cataloger, No. 2 in the industry, also continues to strengthen its diversification effort by expanding its specialty store arm of computer stores, home centers and lingerie shops.

Its executive move saw the cataloger name Jim Schmidt as its vice president, real estate. Schmidt had been K mart's director of real estate development.

The cataloger late last year named Ted Kazelman to the new post of corporate vp, hard lines. He had been vp, general merchandise manager for Roses.

Last year, the cataloger went outside the showroom field for a president, picking James E. Poole, head of the natural resources group of Gulf & Western, for that post.

Schmidt fills the vacancy created when Jerry Grewe left Service Merchandise to become senior vp of Venture's real estate department.

As for the expansion of Service Merchandise' specialty store arm, the cataloger has opened three more Computer Shoppes to hit eight such units, and also unveiled its third Lingerie Store.

The new computer stores include units in Louisville, Ky., and Chattanooga, Tenn., that sell just business and professional machines, the Computer Shoppe's original thrust.

Knoxville 'Super-Store'

The new Knoxville, Tenn., unit, however, is a "superstore" modeled on the Memphis Computer Shoppe in which there is a section devoted to home and personal computers. The Commodore 64, peripheral equipment and software are on display (as well as some Radio Shack software). The Coleco Adam and Atari 600XL and 800XL units are due to be sold as they become available, a source said.

The new Lingerie Store in Knoxville marks that operation's first expansion from Nashville, site of the original two-store test.

Discounters Increase 5 Key Perks For Execs, But Whittle 3 Others

NEW YORK—The discount store industry has increased five key medical, profit-sharing and other perquisites it awards its executives, while cutting back on three others.

The stores have generally increased their executives' coverage in Employee Stock Ownership Plans (ESOP), long- and short-term disability insurance, nonsalary relocation bonuses and educational grants/scholarships to dependent children of executives, according to a recently released National Mass Retailing Institute (NMRI) study of executive perquisites.

At the same time, the 1983 survey said, discounters have cut back on their executives' medical insurance, performance shares and low-interest loans since 1981.

According to the NMRI, 73% of its retail membership participated in the study. *DSN* has focused on eight key benefits and on how the companies award them to chief executive officers/presidents, top merchandising executives, top regional managers and store managers.

Each category of executive made dramatic gains in ESOPs. In 1983, 22% of the companies awarded these to their ceo's presidents and 19% to all other categories of executives. This contrasts with only 9% of the companies offering this benefit to any executive in 1981.

More companies offered their executives short-term disability insurance coverage. The number rose to 79% from 70% in 1981. The number of companies covering their top merchandising executives rose to 72% from 63%. Discount chains covering their top regional managers rose to 67% from 60% and those insuring their store managers to 78% from 72%.

Long-term disability insurance likewise rose across the board, as 84% of discount chains picked up their chief executives' bills last year, while only 70% did in 1981. Companies awarding this perquisite to top merchandising executives also rose, to 78% from 67%, while regional managers were insured by 72% of the discounters against 60% in 1981. Companies gave their store managers the single biggest gain in this category, with 75% of them insuring them vs. 58% two years before.

(Continued on page 33)

'It Happened This Month' Quiz

Win $100 Every Month

DSN Kicks Off '84 Reader Contest

NEW YORK—"It Happened This Month," a new *DSN* contest for its readers, will offer $100 a month to a lucky nostalgia maven.

Each month readers will be asked a question based on a story that appeared in *DSN* that same month, one or more years ago.

Answers to the quiz will be hidden somewhere in the pages of the same issue, so that all observant readers of *DSN* have an equal chance to win.

Entries for each quiz must be received no later than two weeks after the issue date.

Send your answer on the quiz form to Contest Editor, *Discount Store News*, 425 Park Ave., New York, N.Y. 10022.

Chains headed by these two executives made news in *DSN* last January when each retailer firmed up plans to enter Washington and Baltimore with multiunit store clusters. Who are they and what chains do they head?

It Happened This Month

Quiz 1

Answer:_____

Name:_____

Co./Store_____

Address:_____

State:_____

Zip_____

Prize: $100. One winner will be selected at random from all correct entries received.

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Vol. 23, No. 2 Jan. 23, 1984

APPAREL

Discountland Apparel

Kids' Wear Is Shopped The Most

NEW YORK—Children's wear is the apparel category consumers shop most at discount stores.

Ladies' wear is a close second, followed by men's wear, according to a survey of consumer buying intentions conducted for *Discount Store News* by Leo J. Shapiro & Associates during the last two months of 1983.

Slightly over 5% of the discount store shoppers polled said they were in the market for children's wear during a typical visit to a discount store. That is the only apparel category where the percentage of consumer responses equaled those given by off-price apparel shoppers.

Ladies' wear received almost as many responses as children's wear from discount store consumers. Just under 5% of the shoppers say they would buy or look at ladies' wear in the department during a typical store visit.

Men's wear was cited by about 4% of the discount store shoppers as a department they would be likely to shop.

Including shoes, named by 2% of those polled, about 32% of the discount store shoppers said they were looking for an apparel item during a visit to a discount store.

A Closer Look

The typical K mart shopper is even more of a ladies' wear shopper than consumers who shop traditional discount stores as a whole (including K mart).

Of those who shop K mart, 21% shop the chain for ladies' wear vs. 16% of those who shop traditional discounters.

K mart is also ahead of the total for traditional discounters in children's wear but is behind in men's wear. Six per cent of those who shop K mart look for children's wear at the discount chain, while 5.5% of the shoppers at traditional discount chains named the category. Men's wear was named by only 2% of the K mart customers, compared to 4% of the total number of traditional discount shoppers.

While consumers shop for children's wear and ladies' wear in the discount stores, shoppers in off-price stores are looking for men's wear most often.

Among off-price shoppers, men's wear was mentioned as a likely department to shop by 29%; 20% cited ladies' wear, and 5% named children's wear.

In men's wear, 15% of off-price shoppers polled said they were in the market for shirts or sweaters, followed by suits with 6%.

Among those shopping for ladies' wear at off-price stores, 10% were looking for blouses or tops, 5% for dresses and 4% for skirts. Ladies' suits were only shopped for by 2% of the off-price shoppers. At other outlets ladies' suits weren't mentioned at all.

Factory outlets received the strongest consumer responses in ladies' wear and shoes, with 16% of the shoppers mentioning each department. Men's wear was the third most popular department, cited by 12% of the factory outlet shoppers.

What items shoppers are most apt to buy or look for at three types of stores

Item	Discount Store	Off-price Store	Factory Outlet
Ladies' wear	5%	20%	16%
Blouses/tops	2	10	6
Dresses	1	5	4
Lingerie/underwear	1	1	2
Accessories	1	3	4
Skirts	*	4	*
Suits	*	2	*
Other ladies' wear	*	2	*
Men's wear	4	29	12
Shirts/sweaters	1	15	3
Slacks/pants	1	4	3
Accessories	1	2	2
Suits	*	6	3
Other men's wear	*	2	*
Children's wear	5	5	2
Shoes	2	1	16
Jeans	1	6	6
Jacket/coat	*	5	6
Any clothing[a]	15	31	13
Domestics	3	2	2

**Response was less than 0.5%.*
[a]Respondents who said clothing but didn't mention any item.
Source: Survey was conducted in November and December 1983 by Leo. J. Shapiro & Associates

The brightest spot in apparel for discounters is children's wear. Over 5% of discount shoppers polled named the category as an apparel department they shop at a discount store. *(DSN photo)*

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Percentage of Chains Offering Perks

Perquisite	To CEO's Presidents	To Top Merchandising Execs	To Top Regional Mgrs.	To Store Mgrs.
Company-paid medical coverage	90%	57%	51%	58%
Short-term disability/ wage continuation	79	72	67	78
Long-term disability insurance	84	78	72	75
Low-interest loans	2	3	2	2
Performance shares	10	3	5	0
Employee stock ownership plans (ESOPs)	22	19	19	19
Nonsalary relocation bonuses	21	16	18	22
Educational grants/scholarships to dependent children of execs.	2	12	12	12

Source: NMRI

Perks

(Continued from page 2)

The discount store industry, as a whole, seemed committed to facilitating relocation of its executives, as nonsalary relocation bonuses also improved across the board. In 1983, 21% of companies surveyed gave their ceo's/presidents bonuses for relocating while only 12% did in 1981. Companies awarding these bonuses to their top merchandising executives rose to 16% from 9% in the same period. In addition, 18% and 22% of companies awarded relocation bonuses to their regional and store managers, respectively, vs. 9% for each in 1981.

Kids of CEOs Lose Out

Excepting the dependent children of ceo's/presidents, companies granted the children of discount executives more company-paid scholarship/ grant money in 1983. Only 2% of the companies assisted the children of their chief executives this time, while 12% did so in 1981.

In direct contrast to the company-paid scholarship/grant trend, companies providing medical insurance have dropped for all executives but the ceo's/presidents. That number has increased to 90% from 84%.

Discount chains covering the medical insurance of their top merchandising executive dropped from 58% to 57% in the 1983 survey, and the number of firms covering their store managers fell to 58% from 60% in 1981. The stores apparently made their regional managers take the greatest loss in this category as their number dropped to 50% in 1983 from 56% in 1981.

Regional Managers Gain

At the same time, regional managers gained in performance shares, while other categories of executives lost. With 5% of the chains awarding them, they gained three percentage points from 1981. Only 10% of the firms gave this award to their top executives in 1983, while 12% did in 1981. Performance shares decreased at the same rate for top merchandising executives who now receive this benefit from 2% of the companies, and for store managers, who now don't get them anywhere.

In keeping with economic changes over the past few years that have caused bank interest rates to rise, fewer companies are now granting their executives low-interest loans.

Only 2%, 3% and 2% of them granted them to their chief executives, top merchandising executives and store managers, respectively, in 1983, while 7% awarded them to all three in 1981. Only 2% of the firms granted them to their top regional managers in 1983 while 5% did in 1981.

Acquired For $70 Million

Pay 'n Save Plans to Expand Schuck's

NEW YORK—On the heels of its acquisition of the 58-store Schuck's Auto Supply chain, Pay 'n Save is planning to expand the specialty discounter into the nine Western states where it currently has other outlets.

"Our expansion is going to start after this month [January], but we have no firm plans as of yet," said Cal Hendricks, vice chairman of the 257-store Pay 'n Save.

Pay 'n Save recently bought Schuck's, which operates in Washington, Oregon and Idaho, for $70 million of Pay 'n Save's common stock.

At the same time, Pay 'n Save is expecting to use Schuck's automotive merchandising expertise to help boost its chain store automotive departments, according to Hendricks.

"We're going to keep the operations separate, but we're looking to Schuck's merchandising expertise," said Hendricks. Pay 'n Save has automotive departments in its Pay 'n Save Stores, Ernst Home Centers and Lamont's apparel stores.

Pay 'n Save is also seeking to achieve a greater presence in the field of DIY automotive product lines, which include such items as tune-up kits, according to Hendricks. The purchase of Schuck's falls neatly into those plans.

For the first 40 weeks of its current fiscal year, which ends Jan. 31, Schuck's had unaudited pretax earnings of $4.6 million on sales of $45.7 million.

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See Pages 35-58

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Big White Sale Flap: Buyers Order Earlier To Unsnarl Deliveries

Nationwide DSN Report

Horrendous domestic sheet delivery problems have forced discounters to dramatically change their midyear white sale buying plans.

Discounters—including K mart, Jamesway, Murphy's Mart, Fishers Big Wheel, Rose's and ALCO—reported delivery delays of up to three months severely affected their in-stock positions in all sheet styles during their post-holiday white sales.

To combat the problem, most domestics buyers are now ordering at least six months out, compared to the traditional four months. Planning a pricing strategy for the competitive white sale period has, therefore, become even more difficult and so has the challenge of knowing how aggressively to order, the merchants agreed.

In addition, some discounters have voiced the complaint that the onus of the linen business is falling entirely upon their shoulders as they must now absorb the cost of storing inventory, which can conceivably arrive in their warehouses a month too soon because of early ordering.

A mega-chain like K mart and a midsized company like Jamesway are reacting similarly to increase their leverage within the marketplace.

They are both increasing the number of mills they deal with, particularly in sheets.

For spring, K mart senior buyer Marilyn Gill is increasing the chain's number of percale producers from just one—J. P. Stevens—to three. She is also expanding her (solid color) muslin sheet program, for which Stevens has been the sole supplier, to three manufacturers. She reported K mart's most serious delivery setbacks were from J. P. Stevens.

"This experience has opened our eyes to the need to increase the number of mills we deal with," echoed Joe Ettore, general merchandise manager, vice president of soft lines for Jamesway. He plans to add one or two more sheet-makers to his lineup to give him "more flexibility in the market."

"By having four or five mills with us instead of one or two, we can make adjustments more quickly if one mill is shipping late," he explained.

While the chain's white sale business wasn't seriously affected by the delays, he reported anxiety levels ran high as his staff spent the three weeks prior to the white sale ad "yelling and screaming" to track down orders.

A spokesman from a major sheet mill acknowledged the supply problem, pegging it to the sudden upsurge in the home furnishings and domestics businesses for which the mills simply couldn't react rapidly enough.

"The pipelines can't be filled as quickly as the retailers would like us to fill them," he stated.

(Continued on page 78)

Customers entering Garment Rack—K mart's newest off-price store—find dump tables and piperacks. Shoppers can pay by check or with credit cards; no returns are accepted. *(DSN photo)*

K mart Launches Garment Rack, Off-price Chain For 'Blue Collars'

By KAREN PAXTON

TROY, Mich.—K mart has adopted a two-pronged approach to the off-price apparel business: its year-old Designer Depot to serve white-collar consumers and its newly launched Garment Rack targeted at blue-collar shoppers.

The plan also marks one of the few times any retail company has offered two versions of an off-price family apparel store featuring ladies' wear, men's wear, children's clothing and shoes.

"We are aiming to have a store to fit every demographic profile in the United States," explained Glen Shanks, director of the discount company's off-price division. "Designer Depot covers the well-educated, white-collar worker. With Garment Rack we're going after the less sophisticated shopper who is also looking for quality."

Garment Rack

The marketing plan for the newly hatched Garment Rack—the first store opened here in December—calls for the fledgling chain to follow the Designer Depot into selected markets

Operating as a part of K mart's Designer Depot division, Garment Rack stores will serve, in part, as a closeout outlet for Designer Depot's end-of-season markdowns. But, Shanks pointed out that appropriate goods could also be transferred to Garment Rack stores before markdowns.

Merchandise for both chains will continue to be bought by the division's own New Jersey-based buying staff, which works closely with an independent buying service—Fashion House in New York.

(Continued on page 94)

Digest

Feb. 6, 1984

HARDWARE

- **The Winter Hardware Show** may be a regional event. (p. 23)

TOYS

- **The big question in buyers'** minds: how to top a terrific 1983. (Toy Fair Supplement, pp. 35-58)

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Asking Price Too High

TSS Withdraws Its 1st Public Offering

NEW YORK—TSS-Seedman's has withdrawn its offer to sell 1.2 million shares in a move to become a publicly held company.

Its stock failed to attract investors at its proposed $17 to $19 price.

President Campo Arevalo said "market conditions weren't proper [for the company] to go ahead with the offer. We managed to carry out expansion with our own funds and didn't need outside capital, which was the reason for the offering."

The company, however, was interested in going public in a big way last fall when the preliminary prospectus for the offer was issued (see *DSN*, Sept. 5, 1983, p. 1). Rather than be traded over the counter, TSS-Seedman's, shortly after that filing, applied to the American Stock exchange for listing and later received approval on an "when issued" basis, according to documents filed with the Securities and Exchange Commission.

The underwriters were reportedly able to attract investors only at $12 a share, rather than the amount the company wanted, sources indicated.

TSS-Seedman, according to the preliminary prospectus, in July 1983 purchased 330,012 shares from Harold R. Dietz, vice chairman, for $2.2 million (the approximate book value) or approximately $6.67 a share. Earlier in 1983 Dietz sold 7,476 shares to the company's employee stock ownership trust for $50,000 or $6.69 a share.

(Continued on page 94)

IN BRIEF

- **J. W. MAYS EXECUTIVES ARE DUE TO APPEAR IN FED**eral Bankruptcy Court in New York this week over Dutchess Mall Association's claim for $4.8 million against the discounter for the closing of Mays' Fishkill, N.Y., store. That claim has held up creditors' approval of Mays' Chapter 11 plan.

- **GEMCO HAS SHUTTERED ITS SIX TEXAS STORES;** five were in Houston, the sixth in Beaumont. "We closed the stores because they weren't profitable by the standards we require," a company spokesman said. "It would have taken a substantial investment to become a market presence." Those closings, plus the shuttering of its East Coast Memco division a year ago, leaves the California-based discounter with only 10 stores—six in Arizona and four in Nevada—outside its home state.

  Wal-Mart has picked up four of the Texas locations. Two units, one on Gulf Freeway and the other on Highway 75 in Houston, are going to the chain's Sam's Wholesale Club division. The openings are slated for late May.

  The two remaining Gemco stores went to a local grocery store chain, Fiesta Markets.

- **FACTORY OUTLET STORES BUILT THEIR CUSTOMER** base in 1983: A nationally projectable *DSN* study (see p. 14) revealed the number of shoppers going to factory outlet stores was 7% higher (to 27%) in the fourth quarter of 1983 than at the beginning of the year. The shopper base declined for discounters: 79% said they shopped discount department stores in the last quarter, compared to 83% in the first quarter.

Consumers Still Prefer Discounters For Hard Goods

NEW YORK—Despite soft lines market inroads by off-price apparel retailers and upscaling discounters, consumers still favor discount retailers for hard goods rather than soft goods products.

The quarterly consumer buying survey just completed for *Discount Store News* by Leo J. Shapiro & Associates, Chicago, showed that consumers continue to prefer general merchandise and specialty discounters for nonfashion hard goods items and selected soft goods items—with price the determining factor—on a shopping list of 30 items.

If need this item, would go to a discount store*.

Bathroom scale	46%
Teakettle	46
Barbecue grill	43
Extension cord	39
Personal portable stereo	37
Video game cartridge	36
Shower curtain	36
Garden hose	33
35mm camera	30
Film	29
Shampoo	28
Electronic bug killer	27
Lawn fertilizer	26
Women's nightgown	25
Video cassette recorder	24
Electric drill	23
Telephone	21
Men's underwear	21
Men's short-sleeve knit shirt	20
Women's ski jacket	17
Home computer	16
Cold medicine	16
Running shoes	14
Men's sweater	14
Women's designer jeans	13
Men's corduroy slacks	13
Computer software	12
Color TV	11
Bottled soda pop	4

*Includes discount department store, off-price and specialty store. Source: Leo J. Shapiro & Associates.

Consumers reported they would be most likely, for example, to shop a discounter for a bathroom scale (46% of those polled), a teakettle (46%) and a barbecue grill (43%) than for men's short-sleeve knit shirts, (20%), men's sweaters (14%), or women's designer jeans (13%).

(The Shapiro organization polled by telephone almost 1,000 people across the country in an early week of December.)

Interestingly, however, the off-pricers didn't have the drawing power in soft lines that might have been anticipated. They fared much better—got more consumer mentions as an alternative place to shop—on hard lines items.

For example: While only 20% of those polled said they would buy a man's short-sleeve knit shirt from discounters, only 10% of this small group said they would buy the item from an off-pricer.

Similarly, of the 25% who said they would buy a woman's nightgown at a discount operation, only 12% said they would purchase a nightgown at an off-price apparel store.

On the hard lines side, consumers indicated they would be more apt to make certain purchases at a specialty retailer—but those decisions didn't always reflect the broader assortments or service capabilities specialty operators can offer shoppers.

For example: Two-thirds of the shoppers (16%) polled who said they would buy a home computer from a discounter indicated it was at a specialty discounter (or low-margin operator like Radio Shack) where they would shop.

The same was true of computer software purchases: Two-thirds of the group (12% of those polled) said they would be most apt to buy this category at a specialty retailer.

Do you know a place to buy a ____ for less?

	DISCOUNT SHOPPER					NONDISCOUNT STORE SHOPPER				
			WHERE					WHERE		
Item	No	Yes	Discount Dept. Store	Other Discounters	All Others	No	Yes	Discount Dept. Store	Other Discounters	All Others
Telephone	72%	28%	14%	7%	7%	61%	39%	12%	9%	18%
Bath Scale	77	23	13	4	6	55	45	33	6	6
BBQ Grill	83	17	7	4	6	58	42	29	3	10
35mm Camera	82	18	11	3	4	63	37	17	8	12
Personal Portable Stereo	78	22	13	4	5	72	28	14	4	10
Electronic Bug Killer	80	20	12	4	4	78	22	11	5	6
Shampoo	84	16	8	—	8	71	29	16	—	13
Teakettle	84	16	10	3	3	70	30	19	3	8
Electric Drill	79	21	11	3	7	73	27	16	2	9
Extension Cord	85	15	11	—	4	72	28	17	1	10
Video Game Cartridge	83	17	12	1	4	78	22	9	3	10
Lawn Fertilizer	97	3	2	—	1	84	16	6	—	10
Color TV	91	9	2	—	7	73	27	9	2	16
Running Shoes	96	4	2	—	2	66	34	17	—	17
Computer Software	77	23	10	1	12	86	14	3	2	9
Everyday Dishes	85	15	7	1	7	75	25	17	1	7
VCR	78	22	11	2	9	77	23	8	3	12
Soda Pop	100	—	—	—	—	83	17	2	—	15
Home Computer	83	17	9	3	5	85	15	2	3	10
Garden Hose	97	3	2	—	1	75	25	17	—	8
Film	95	5	1	—	4	81	19	10	3	9
Cold Medicine	97	3	2	—	1	86	14	5	—	9
Men's Coduroy Slacks*	92	8	8	—	—	71	29	16	1	12
Men's Underwear*	95	5	5	—	—	77	23	13	—	10
Men's Sweaters*	82	18	15	—	3	60	40	21	1	18
Men's Short Sleeve Knit Shirt*	85	15	13	2	—	62	38	19	1	19
Women's Designer Jeans	82	18	18	—	—	68	32	10	3	19
Women's Nightgown	77	23	22	—	1	53	47	27	1	19
Women's Ski Jacket	98	2	—	—	2	65	35	19	2	14
Shower Curtains	93	7	4	—	3	80	20	14	—	6

*Male Respondents Only

Source: Leo J. Shapiro & Associates

Key to reading this chart: For example, on first line, 72% of those shopping a discounter for a telephone said they couldn't name another place to buy the item for less; 28% said they could. Of this second group, 14% named a discount department store, 7% another discounter (cataloger or specialty discounter) and 7% named another resource.

Specialty retailers also received a large share of the mentions in video cassette recorders, personal portable stereos and telephones.

Nearly half of the group (24% of those polled) looking for VCR's at a discounter said they would prefer to make their purchase at a specialty operator; a third said they would look for personal portable stereos at a specialty vs. a full-line discount store retailer, and a fourth of those shopping for telephones said a specialty store would be their first resource.

These figures are consistent with customer buying preferences reported in an earlier *DSN* study. (See *DSN*, July 25.)

Off-pricers also failed to make significant gains on overall consumer purchases over the course of the last year.

HOT TIP ON NEW STOCK:

The Union Wadding line of Christmas Trimmings features fresh packaging and new items, all ready to boost your sales volume in '84! Take a tip and call or write for our catalog today.

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(Drape, and Tree Skirt, in Cotton's glittering new look.)

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(Our hot-selling Tree Ornaments in assorted characters.)

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If you needed to buy a ____ where would you go?

Item	Discounter	Specialty Discounter	Cataloger	Sears	Other	Don't know
Teakettle	43%	—	3%	6%	29%	19%
Extension Cord	38	*	1	9	37	15
BBQ Grill	37	—	6	12	26	19
Bathroom Scale	36	—	10	13	27	14
Shower Curtain	36	—	—	13	35	16
Everyday Dishes	33	*	3	8	34	22
Garden Hose	33	—	—	12	42	13
Film	28	—	1	1	56	14
Shampoo	28	—	—	1	64	7
Video Game Cartridge	26	6%	4	6	18	40
Lawn Fertilizer	26	—	—	3	47	24
Electronic Bug Killer	22	*	5	10	26	37
Women's Nightgown	22	3	—	13	54	8
Men's Underwear**	21	—	—	19	38	22
Electric Drill	20	—	3	26	32	19
Personal Portable Stereo	18	11	8	8	28	27
35mm Camera	18	2	10	7	38	25
Men's Short-Sleeve Knit Shirt**	18	2	—	10	56	14
Cold Medicine	16	—	—	—	75	9
Women's Ski Jacket	16	—	—	15	43	26
Running Shoes	14	—	—	6	55	25
Men's Sweater**	13	1	—	10	65	11
Telephone	12	5	4	5	59	15
VCR	12	10	2	8	31	37
Men's Corduroy Slacks**	11	1	—	16	52	20
Women's Designer Jeans	9	4	—	6	56	25
Color TV	9	*	2	14	59	16
Soda Pop	4	—	—	—	85	11
Home Computer	3	11	2	5	27	52
Computer Software	2	8	2	3	26	59

*Response was less than 0.5%. **Male respondents only

Source: Leo J. Shapiro & Associates

CONSUMER ELECTRONICS

Sales of Blank Audio and Video Tapes Keep Climbing

Nationwide DSN Report

Discounters' sales of blank audio and video tapes are expected to climb to new highs in 1984—driven on the strength of portable and home audio cassette units combined with an estimated 10% installed base for VCR's.

Buyers have almost come to take the categories for granted, expecting high productivity with relatively little effort. Margins were pegged as high as 33% for audio tapes and 15% for video tapes, according to many buyers. And, while discounters don't necessarily "own" the business, various industry data have indicated they hold a market share of at least 25%—making the chains a dominant force in the categories.

That number becomes even more significant when the large number of other retail classes are taken into account, including CE specialty stores, department stores, drug stores and supermarkets.

In addition to the hardware sales, the discounters' edge has been derived from:

- Aggressive pricing, promotions and advertising.
- A continuing trade-up in tape quality as manufacturers' prices have fallen. This has been especially true for audio tape.
- A change in the identified customer base for tape from male specialty store shoppers to female general merchandise shoppers.

Successful Switch

In a strange twist, however, the chains' audio tape pricing was said to be frequently on the high side. "Supermarkets and convenience stores have chosen to make it a loss leader," said one supplier, "whereas the discounters have been dogged about holding their margins."

Despite that, sales have continued to climb with many buyers projecting major gains.

"Our tape sales have gone through the roof. We expect to double our sales this year," said Jerry Fine, dmm, Ames. "What's even better is that we don't see an end in sight, especially in video tape, as [hardware] prices get driven down and companies like Samsung get into it."

Blank Video Cassette Sales

Year	Unit Sales to Dealers (Thousands)	Factory Sales (million $)
1982	24,700	280
1983*	57,000	485
1984*	77,000	590

*Projected.
Source: Consumer Electronics U.S. Sales by Product Category, *Electronic Industries Association, Consumer Electronics Group, January 1984.*

While there has been a continued trade-up in audio tape, Fine said that the more expensive video tape has been steadily price-driven with little brand loyalty. He estimated that the trend would continue for the foreseeable future.

But, true maturity for video tape will come as the result of new hardware technologies, such as the 8mm systems recently introduced, according to T.G. & Y. senior buyer Dan Martinez.

"People are beginning to realize that the way their fathers show super 8 movies, they can shoot video tape," he said. "Home movies will go through a whole resurgence, especially with the smaller cameras coming out."

On the audio tape side, Martinez said, the steady growth of portable and personal stereos—as a permanent fixture in the CE landscape—combined with constant improvements in noise reduction systems have strongly aided cassette sales.

Although tape volume has accounted for only a small portion of the department's sales, it has become recognized as an important contributor to its overall profitability, he said.

"It's just a good, easy and profitable category," said ALCO's buyer Dick Millner.

Overall tape sales at the chain increased 19% from November 1982 to the same month in 1983. Similar results have been projected for this year, he said. The most significant growth spurt for audio tape came following the demise of 8-track tapes as the dominant recording format.

Blank Audio Cassette Sales

Year	Unit Sales to Dealers (Thousands)	Factory Sales (million $)
1981	201,439	242
1982	186,447	219
1983*	215,000	230
1984*	225,000	240

*Projected.
Source: Consumer Electronics U.S. Sales by Product Category, *Electronic Industries Association, Consumer Electronics Group, January 1984.*

Sales of video tapes have been increasing steadily since they first made their appearance at the chain about one-and-a-half years ago. Though specific figures were unavailable, Millner said he's noticed significant increases in his monthly and weekly store orders.

Margins for audio tape, he said, have remained in the 30%—50% range, depending on the manufacturer.

Packaging has also played an important part in driving the market, according to Bob Gunn, merchandise manager at Gaylords. Sales of 3-packs have been strong as have those of premium tapes, when tied to manufacturers' promotions, he said.

Beyond that, Gunn said his chain has committed to feature blank tapes in all of its ads for the first half.

Although most buyers believed that price will continue to be the central force in tape sales, a number of manufacturers introduced consumer promotions at the Winter Consumer Electronics Show in Las Vegas that included incentives such as rebates, prizes and travel bonuses designed to shift that focus toward a stronger value and brand orientation.

Conference to View Zayre, Marshalls Distribution Centers

WASHINGTON—AGMC's Physical Distribution Conference, March 18-20, at Boston's Parker House Hotel, will include tours of the Zayre and the Marshalls distribution centers in the Boston area.

These highly automated facilities are equipped with sophisticated systems such as optical scanning.

Another highlight of the conference will be a presentation by Joe Thomas, vice president of distribution for K mart, and a representative of Protection Mutual Insurance. They will discuss fire and disaster control and relate it to K mart's experience with the burning of one of its warehouses.

Registrants will also have an opportunity to acquaint themselves with state-of-the-art technologies and the latest services available within the industry, as AGMC is including a limited number of exhibit tables at the program. Leading industry suppliers will display their goods and services.

Now from Timex...a powerful new computer.

72K LOR SOUND UNDER $200*

Timex introduces a second generation of home computers designed with one purpose in mind: to be useful.

With 72K on-board memory, it's powerful enough to solve more problems in your home. Entertain you with brilliant color graphics and 8-octave sound.

Plus do word processing in addition to spread-sheet functions.

And while it does more, it does it with even greater simplicity.

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Unique one-touch entry. Requires no typing skills, makes programming easier to learn.

Word processing capability. This program provides a 64-character wide screen when used with a video monitor. An 80-column printer that provides hard copy will be available early 1984.

Sleek new compact design. Fits easily on any desk or table.

Raised typewriter keyboard. With full-travel keys is based on world's most popular electronic keyboard design.

Timex Command Cartridges. Provide faster, easier program loading; take up less space.

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To purchase the Timex Sinclair 2068 computer see your local dealer, or call 1-800-24-T-I-M-E-X.

HARDWARE

PRODUCT MOVEMENT AUDIT

Lower-price Locksets in Sales Surge

By ARNOLD REINHARD
General sales manager, Schreiber and Co.

LITITZ, Pa.—Consumer demand for lower priced locksets, a wider assortment of power tools and higher grades of hand tools are expected to help increase discount store hardware sales this year. So will improved promotion of electrical and plumbing goods.

In a PMA for last November, we also perceived a demand for a wider assortment of power sanders and routers, in addition to the Black & Decker Dustbuster, whose sales skyrocketed during the audit.

Also, imported hand tools—long a low-end mainstay—are losing out in favor of higher-priced, better-quality tools.

Sales of electrical goods, which have recently been promoted more than in the past, are expected to grow 15% to 20% in 1984.

In security hardware, imported locksets like the Harlocks are expected to do well in 1984, as evidenced by the fact that in November orders for the T-700 US3 Entry Module outpaced its nearest competitor by almost three to one. Retailing at an average of $9.84, it registered total movement of $15,451.94. The No. 2 lockset, the Harlock UR 700-M-DL US3 Entry, sold 442 units for a total of $5,810.53.

In power tools we expect a 10%-15% sales growth. The runaway best seller most recently, was the Black & Decker 9330 Dustbuster, with $79,562.50 worth ordered. It was

(Continued on page 28)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
HARDWARE				
1	USM 203 Glue Gun	132	11.10	1,465.20
2	USM K110 Pop Rivetool	132	9.84	1,298.88
3	Ferum #500 10x12 Shelf Bracket	1,368	0.86	1,169.64
4	Wesl 810B Coat Hook Brass	910	1.16	1,051.05
5	USM S-42 Rivets Steel Sh	800	1.17	936.00
6	USM 220 All Purpose Glue	413	2.15	885.89
7	Ferm #500 8x10 Shelf Bracket	1,554	0.54	839.16
8	USM S-44 Rivets Steel MD	660	1.17	772.20
9	WESL 850B Window Lock Brass	655	1.16	756.53
10	3M IIOP Mounting Tapes	504	1.44	725.76
11	USM CD4SD Molly Fastener	728	0.98	709.80
12	USM K104 Rivetool	108	6.54	706.32
13	Jordan 10122J Plastic Anchor	770	0.83	635.25
14	USM CD4S Molly Fastener	880	0.72	633.60
15	CD4SLD Molly Fastener	580	1.05	609.00
POWER TOOLS				
1	B&D 9330 Dustbuster	2,500	31.82	79,562.50
2	B&D 7308 7¼" Saw	493	36.71	18,099.26
3	B&D 7404 Sander	246	26.81	6,595.88
4	B&D 7104 ⅜" Drill	292	20.40	5,956.80
5	B&D 9333 Dustbuster Puls	125	41.30	5,162.50
6	B&D 7504 Jig Saw	272	18.00	4,896.00
7	B&D 79032 Workmate	76	90.86	4,762.16
8	B&D ⅜" Drill Vise	101	40.06	4,046.31
9	B&D 9419 8" Table Saw	34	116.63	3,965.25
10	B&D 7613 1 Horsepower Router	70	50.76	3,553.38
11	B&D 7391 7¼" Circular Saw	61	50.76	3,096.51
12	B&D 7530 2-speed Jigsaw	114	27.00	3,078.00
13	B&D 9360 Spotlighter	92	30.49	2,805.02
14	B&D 7436 Sander	59	46.94	2,769.25
15	B&D 9020 Cordless Drill	59	45.82	2,703.38

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
POWER TOOL ACCESSORIES				
1	B&D 73-300 3 in 1 Blade	980	7.41	7,261.31
2	B&D 71-013 13-piece Bit Set	300	10.32	3,097.20
3	B&D 73-369 7¼" Carbide	195	8.37	1,631.47
4	B&D 71-120 Hole Saw Asst	145	9.18	1,130.88
5	B&D 70-404 ⅛" Drill Bit	798	1.33	1,064.53
6	B&D 71-005 5-piece Drill Set	130	3.99	917.13
7	B&D 71-056 Bit Bank	183	4.74	867.69
8	B&D 71-007 7-piece Drill Set	156	5.54	864.08
9	B&D 71-010 10-piece Bit	112	7.50	839.61
10	B&D U1337 Dial a Blade	150	5.38	806.93
11	B&D U2499 Router Bits	71	11.02	782.42
12	B&D 73-237 7" Mason Blade	295	2.41	710.07
13	B&D 72-005 Safety Goggle	260	2.70	701.22
14	B&D 73-365 7¼" Carbide	110	6.37	700.21
15	B&D 73-007 Combination Blade 7¼"	255	2.67	680.34
HAND TOOLS				
1	Stanley 33-425 25' Tape Rule	825	12.20	10,068.30
2	Stanley 51-518 16-oz Hammer	870	10.79	9,387.30
3	Stanley 10-099 Retractable Knife	2,070	3.21	6,644.70
4	Stanley 55-515 Wonder Bar	892	6.93	6,181.36
5	Stanley 30-516 16' Tape Rule	868	6.97	6,046.49
6	Stanley 33-212 12' Power Rule	889	6.62	5,880.74
7	Stanley 51-110 16-oz Hammer	352	10.76	3,787.34
8	Stanley 15-526 26" 8 Handsaw	304	11.49	3,492.50
9	Stanley 21-399 Surform File	987	3.14	3,104.61
10	Stanley 11-921 Heavy Duty Blade	2,520	1.22	3,061.80
11	Stanley 15-210 Mini-Hacksaw	978	3.09	3,023.49
12	Stanley 68-233 Screwdriver	299	9.71	2,902.24
13	Stanley 42-224 Level 524B	352	7.87	2,770.41
14	Petersen 5WR Vise Grip 5"	418	6.45	2,697.35
15	Stanley 59-800 6 lb Maul	160	16.19	2,589.84

(Continued on page 28)

Murphy's Business Up 14.7% in Dec.

McKEESPORT, Pa.—G. C. Murphy Company's sales of $152,294,000 for the five weeks ended Dec. 29, 1983, were up $19,465,000, or 14.7% higher than for the corresponding period a year earlier, president and chief executive officer Charles H. Lytle reported.

Sales of $822,352,000 for the 48-week period ended Dec. 29, 1983, were up $45,306,000, or 5.8% higher than for the same period in 1982.

December sales were generated from 406 stores in 1983 compared with 423 in 1982. Of the total number of stores, 118 were Murphy's Marts in 1983 compared with 111 in 1982, and 288 were conventional and other stores compared with 312 the previous year.

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The Bostik Consumer Division of Emhart. Our reputation has been built on success stories. The Thermogrip® brand Hot Glue Gun, POP® brand Rivetool and Molly® brand Fasteners to name a few, have brought us world-wide recognition as the creator of top quality adhesive and fastening products that sell.

Our Success™ line is no exception.

DOUBLE BONDING SUCCESS—With its unique double bonding action, it glues almost anything, even oily metals, in 60 seconds. And sells just about as fast.

INSTANT SUCCESS—One drop of this super-glue is all it takes to put together metals, china, rubber and most plastics. In your store and in their homes, it lives up to its name.

SUCCESS II—Another super-glue for the toughest home repair jobs on almost any surface—even wood and leather. An economy size for convenience and self-puncturing for safety.

SUCCESS SILICONE SEALANTS—For a tough, waterproof seal, give them Success Silicone Sealants. They're packaged in unique injectors for total product usage. No mess, no waste. Available in black, white and clear.

SUCCESS HOUSEHOLD ADHESIVES—Fast Set Epoxy. Contact Cement. Heavy Duty Cement. Household Cement. Vinyl and Steel Repair. These six most heavily used adhesives make Success a household word.

BLU-TACK REUSABLE ADHESIVE—This alternative to tacks, pins and tape can be used again and again. It's one stationery object that moves fast.

PLANT-TACK—Our latest reusable adhesive lets plant lovers anchor water plants, arrange hard-to-manage plants without stakes or ties and create unique floral displays.

There are plenty of reasons for our continued success.

We provide bright, bold packaging and merchandising displays that are both eye-catching and informative. Plus a colorful new Success™ Adhesives Gluing Guide display to help consumers pick the right glue for the right job. Our special co-op advertising programs and tie-in promotions also help stir up sales.

And we're never satisfied. We're constantly developing and testing new products. Success Silicones, Household Cements and Success II are recent examples of this commitment. And there are more on the way in 1984.

Contact your local Bostik Consumer Division representative or call (215) 921-2791. And benefit from our successes.

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